

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /104 W
-----079637 152336Z /63

P 152311Z JUL 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 4136
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA (POUCH)

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 06390

PASS WHITE HOUSE/SCHLESINGER AND GOLDMAN, FPC AND FEA

E.O. 11652: GDS
TAGS: ENRG, PGOV, SENV, CA
SUBJECT: ENERGY: GAS PIPELINE DEVELOPMENTS

REF: A. VANCOUVER 667; B. OTTAWA 6141

1. SUMMARY: DCM AND EMBOFF MET WITH INDIAN AND
NORTHERN AFFAIRS (DINA) DEPUTY MINISTER ARTHUR
KROEGER FOR ONE HOUR JULY 14 P.M. KROEGER TOLD EMBOFFS:

A. LYSYK INQUIRY INTO SOCIO-ECONOMIC IMPACT OF ALCAN LINE
IS RUNNING SMOOTHLY AND ON SCHEDULE. REPORT WILL BE
RELEASED AUGUST 2.

B. JULY 14 GOC APPROVED "SETTLEMENT MODEL" SPECIFYING
GOALS OF SETTLEMENT PROPOSED BY YUKON INDIAN CLAIMS PLANNING
COUNCIL. PRESENT CLIMATE FAVORS CLAIMS SETTLEMENT SOON
BUT GOC WILL NOT PUSH FOR MID-AUGUST SETTLEMENT. HARD-LINE,
RADICAL ATTACK ON NEB DECISION BY COUNCIL OF YUKON INDIANS
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(CYI) PRESIDENT DANIEL JOHNSON DOES NOT REFLECT TRUE
SENTIMENT OF CYI EXECUTIVE COUNCIL WHICH IS NOT HOSTILE TO
PIPELINE.

C. GOC HAS NOT DETERMINED WHETHER IT WILL PURSUE PIECEMEAL
OR COMPREHENSIVE APPROACH TO LEGISLATION REQUIRED TO ENACT
PIPELINE DECISION.

D. PARLIAMENTARY DEBATE ON PIPELINE DECISION IS SCHEDULED FOR AUGUST 4-5, PROBABLY FOLLOWED BY CABINET DECISION IN MID-AUGUST.

E. INTENSE PRESSURE OF PIPELINE ISSUE ON GOC HAS ABATED. GOVERNMENT VIEWS IT NOW AS DIFFICULT ADMINISTRATIVE PROBLEM RATHER THAN POTENTIAL POLITICAL BOMB. END SUMMARY.

2. FOLLOWING SUBJECT-HEADING PARAGRAPHS PROVIDE FURTHER DETAILS ON KROEGER'S COMMENTS.

3. LYSYK INQUIRY:

A. INQUIRY IS ON SCHEDULE, RUNNING NOW WITH ALMOST MILITARY PRECISION. INQUIRY HEARINGS END JULY 15. PANEL HAS APPROXIMATELY TWO WEEKS TO DRAFT WHAT IS EXPECTED TO BE 150-PAGE PRINTED REPORT. GOC WILL SEND TRANSLATORS TO YUKON TO TRANSLATE REPORT AS IT IS DRAFTED. COMPLETED TYPE-SCRIPT WILL BE DELIVERED TO GOVERNMENT PRINTER IN OTTAWA JULY 30 BY MILITARY AIRCRAFT, AND PRINTED REPORT WILL BE TABLED IN PARLIAMENT ON AUGUST 2.

B. YUKON COMMISSIONER ART PEARSON'S PRESENTATION BEFORE INQUIRY REPORTED REFTEL A WAS NOT CLEARED WITH DINA MINISTER WARREN ALLMAND. PEARSON SPOKE AS HEAD OF YUKON CONFIDENTIAL

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EXECUTIVE COUNCIL, NOT AS YUKON COMMISSIONER. KROEGER HAD NOT READ PEARSON'S STATEMENT SO HE COULD NOT COMMENT ON ALL POINTS PEARSON MADE. HOWEVER, HE WAS AWARE OF PEARSON'S CALL FOR SIX-MONTH SUSPENSION OF LAND CLAIMS. THIS CAUSED CONSIDERABLE CONSTERNATION IN DINA AND PEARSON WILL BE INSTRUCTED BY MINISTER TO WITHDRAW THIS POINT. DINA DOES NOT WANT ITS LAND CLAIMS' SCHEDULE DERAILED.

4. PROGRESS ON YUKON NATIVE CLAIMS:

A. JULY 14 GOVERNMENT APPROVED "SETTLEMENT MODEL" PROPOSED BY PLANNING COUNCIL FOR YUKON CLAIMS. MODEL SPECIFIES AGREED GOALS OF CLAIM SETTLEMENT IN YUKON. KROEGER FURNISHED COPY WHICH FOLLOWS TO EUR/CAN BY POUCH.

B. NEXT STEP IN PROCESS IS "DRAFT AGREEMENT IN PRINCIPLE" WHICH DANIEL JOHNSON HAS WRITTEN. DINA DOES NOT AGREE WITH ALL OF THE POINTS IN JOHNSON'S DRAFT, BUT BELIEVES DRAFT CONSTITUTES PROGRESS. CLAIMS PROCESS IS BECOMING INCREASINGLY SPECIFIC AND IS ON SCHEDULE.

C. GOVERNMENT SEES POSSIBILITY OF REACHING AGREEMENT IN

PRINCIPLE WITH CYI IN REASONABLY NEAR FUTURE. IT WANTS TO TAKE ADVANTAGE OF PRESENT FAVORABLE CLIMATE AND PUSH FOR SETTLEMENT AS SOON AS POSSIBLE. IT WILL NOT, HOWEVER, DRIVE FOR "QUICK KILL" SETTLEMENT BY MID-AUGUST.

D. KROEGER BELIEVES THAT CYI EXECUTIVE COUNCIL IS GENUINELY CRITICAL OF RADICAL PUBLIC STAND JOHNSON TOOK AGAINST NEB RECOMMENDATION LAST WEEK. (SEE REFTTEL B.) HE SAYS THEY ARE NOT HOSTILE TO PIPELINE THROUGH YUKON.

E. ALTHOUGH THERE IS SOME TENSION BETWEEN STATUS INDIANS AND METIS IN CYI, KROEGER FORESEES NO SPLIT BETWEEN INDIANS AND METIS AS OCCURRED IN MACKENZIE VALLEY.

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F. KROEGER SAID GEORGE ERASMUS HAS BEEN ATTEMPTING TO "PUT DANIEL JOHNSON IN HIS POCKET" AS PART OF LARGER

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EFFORT TO BUILD A NATIVE COALITION ACROSS ENTIRE NORTH. ERASMUS HAS APPARENTLY SUCCEEDED IN CO-OPTING JOHN AMAGUALIK OF THE EASTERN ARCTIC INUIT. KROEGER CHARACTERIZED ERASMUS' SCHEME AS NOTHING MORE THAN "HOUSE OF CARDS."

5. GOVERNMENT LEGISLATIVE STRATEGY:

A. GOC LEGISLATIVE STRATEGY FOR PIPELINE IS NOT CLEAR AT THIS POINT. NO DECISION HAS BEEN MADE REGARDING OVERALL APPROACH. ONE POSSIBILITY WOULD BE PIECEMEAL STRATEGY, INTRODUCING NEEDED LEGISLATION ON SUBJECT-BY-SUBJECT BASIS. OTHER WOULD BE TO PRESENT OMNIBUS BILL TO INCLUDE ALL REQUIRED LEGISLATION: NORTHERN PIPELINE AUTHORITY, PIPELINE RIGHT-OF-WAY, AND LEGISLATION TO CUT OFF LITIGATION BY PIPELINE OPPONENTS.

6. PIPELINE DECISION SCHEDULE:

A. HILL ENVIRONMENTAL PANEL STUDYING ALCAN LINE WILL REPORT JULY 25.

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B. VOLUME 2 OF BERGER'S REPORT OUTLINING TERMS AND CONDITIONS FOR CONSTRUCTION OF MACKENZIE VALLEY PIPELINE IS TO BE RELEASED "SOMETIME PRIOR TO AUGUST 2."

C. LYSYK INQUIRY REPORT WILL BE TABLED IN HOUSE AUGUST 2.

D. DEBATE ON PIPELINE DECISION HAS BEEN PLACED ON ORDER PAPER UNDER RESOLUTION INTRODUCED BY ALLAN MACEACHEN AND WILL BE HELD IN PARLIAMENT AUGUST 4-5. IT IS TO BE PRECEDED BY DEBATE ON GUN CONTROL LEGISLATION AUGUST 2-3.

E. HOUSE WILL RISE EVENING OF AUGUST 5 AND WILL RETURN IN OCTOBER.

F. CABINET WILL PROBABLY REACH ITS DECISION ON PIPELINE IN MID-AUGUST.

G. GOVERNMENT POLICY STATEMENT ON NORTHERN DEVELOPMENT, ORIGINALLY INTENDED TO PRECEDE A PIPELINE DECISION BY SOME FOUR TO FIVE MONTHS, HAS BEEN HOPELESSLY DELAYED BY REQUIREMENT TO DISCUSS PAPER WITH INTERESTED NATIVE GROUPS. GOVERNMENT NOW DOES NOT KNOW WHEN TO RELEASE STATEMENT, BEFORE, AT TIME OF, OR AFTER PIPELINE DECISION.

7. OVERALL PICTURE: KROEGER CONVEYED STRONG IMPRESSION THAT PRESSURE ON GOC HAS LARGELY ABATED. ISSUE WHICH HE SAID WAS PREVIOUSLY LOADED WITH "NITROGLYCERIN" IS, FOLLOWING NEB DECISION, TRANSFORMED INTO DIFFICULT BUT MANAGEABLE ADMINISTRATIVE PROBLEM. HE SAID THAT IT "LOOKS LIKE WE WILL PROBABLY HAVE A PIPELINE," THOUGH HE CONSIDERS IT POLITICALLY IMPOSSIBLE FOR GOVERNMENT TO

LEGISLATE ARCTIC GAS LINE. IN CLEAR ALLUSION TO DEGREE OF
POLITICAL SENSITIVITY AROUSED BY BERGER REPORT, KROEGER
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NOTED EXPERIENCE GOVERNMENT HAD WITH JAMES BAY CLAIMS'
SETTLEMENT, IN WHICH GOVERNMENT ALMOST LOST HOUSE VOTE ON
ENACTING LEGISLATION BECAUSE SOME LIBERAL MEMBERS
OBJECTED TO PROVISION FOR EXTINGUISHMENT OF NATIVE RIGHTS
AND VOTED WITH OPPOSITION. ENDERS

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